

VZCZCXRO5755
PP RUEHDT RUEHPB
DE RUEHBY #0303/01 0870653
ZNY CCCCC ZZH
P 270653Z MAR 08
FM AMEMBASSY CANBERRA
TO RUEHC/SECSTATE WASHDC PRIORITY 9287
INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE PRIORITY
RUEHBM/AMEMBASSY BUCHAREST PRIORITY 0285
RUEHLO/AMEMBASSY LONDON PRIORITY 1799
RUEHBN/AMCONSUL MELBOURNE PRIORITY 5118
RUEHPT/AMCONSUL PERTH PRIORITY 3401
RUEHDN/AMCONSUL SYDNEY PRIORITY 3307
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0610
RUEHBS/USEU BRUSSELS PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 CANBERRA 000303

SIPDIS

NOFORN
SIPDIS

E.O. 12958: DECL: 03/26/2018
TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [SENV](#) [AS](#)
SUBJECT: ADVANCING AUSTRALIA'S GLOBAL INTERESTS

Classified By: Political Counselor James F. Cole for reasons 1.4 (b) and (d).

11. (U) SUMMARY: In his first foreign policy address as Prime Minister, and before leaving for the United States, Europe and China on March 27, Kevin Rudd said that the challenges Australia faces in areas like climate change, terrorism and the development of the Pacific Islands will require it to be more internationally active in the future. To obtain the kind of outcomes consistent with Australia's interests, Rudd said he was committed to the principle of "middle power diplomacy," which means acting in partnership with allies, friends, and the United Nations. It also means acting in partnership with United States, which Rudd declared is an overwhelming force for good in the world. The Prime Minister also outlined a range of economic policy considerations that underpinned his visit and restated the three pillars of the Rudd Government's foreign policy: a strong partnership with the U.S., working with the UN, and comprehensive engagement in Asia. END SUMMARY

12. (U) Rudd delivered this speech, his first major foreign policy address as Prime Minister, in Sydney on March 26, to a largely business audience sponsored by the Australian National University and the East Asia Forum. On March 27, the Prime Minister leaves for a 17 day trip to the United States, Brussels, Bucharest for a NATO meeting, and China. With the uncertainty in global financial markets and the increasing challenges facing the global economy, Rudd said he would use the trip to engage critical economic decision makers and business leaders abroad.

THE NEED TO BE INTERNATIONALLY ACTIVE

13. (U) The policy environment in which Australia now had to operate, Rudd said, was increasingly interconnected and there was no longer a clear distinction between "foreign" and "domestic." If Australia failed to engage with global economic, security and environmental challenges, it would also fail to deal with their impact locally. That meant, the Prime Minister continued, that Australia must increasingly engage with other nations to respond to the challenges to those interests abroad. For example, Rudd noted, a failure to engage with the global community on climate change would

exclude Australia from the chance to shape the global response in ways consistent with its national interests. In addition, a failure to act effectively on terrorism in the wider region would affect Australia's ability to deal with terrorism domestically. A failure to act on the development challenges of the South Pacific Island states would result in more Australian military interventions and a risk of a large-scale influx of refugees from the region.

MIDDLE POWER DIPLOMACY

¶4. (U) Rudd stated that the new Australian Government was committed to the principle of creative middle power diplomacy as the best means of enhancing Australia's national interests. For Rudd, middle power diplomacy meant acting as an effective international citizen in enhancing the global and regional order and "operating in partnership with our long-standing ally the United States - as the Government argues that the US continues to be an overwhelming force for good in the world." It also meant acting in partnership with Australia's friends in the Asia Pacific region, and in organizations such as APEC, the ASEAN Regional Forum, the East Asia Summit and the UN across the range of pan-global challenges from climate change, the Millennium Development Goals and the continuing challenge of nuclear weapons proliferation.

AUSTRALIA A GREATER FORCE FOR GOOD

¶5. (U) Australia could be a greater force for good in the world, Rudd maintained. Rudd declared that Australia's voice had been too quiet for too long across the various councils of the world and that was why during the course of the next

CANBERRA 00000303 002 OF 003

three years, the world would see an increasingly activist Australian international policy. The Prime Minister noted that Australia had begun this process with its ratification of Kyoto, the active role it played at the Bali Conference, and with its immediate response to the security crisis in East Timor. More recently, Rudd stated, Australia's new response to the acute development challenges facing the Pacific Island states through the Port Moresby Declaration - reinforced by its commitment to increase Australia's overseas development assistance to 0.5 per cent of GNI by 2015 - would assist it in fulfilling its obligations towards the realization of the Millennium Development Goals in its immediate region.

AUSTRALIA'S GLOBAL AND REGIONAL ECONOMIC INTERESTS

¶6. (U) The area which currently underlined the absolute interconnectedness of Australia's national, regional and global interests, Rudd explained, was the impact on the global economy of recent instability in global financial markets. This economic uncertainty underlined the decision early in the Government's term to visit the United States, Europe and China - all critical to the shape of the global economy for the critical year ahead. Rudd said he would communicate to the economic and business leadership of the US, the UK and China the continuing fundamental strength of the Australian economy in the face of international turbulence.

ENGAGING GLOBAL AND REGIONAL PARTNERS ON TRADE

¶7. (U) The Prime Minister maintained that the economic challenges Australia faced, and the need for cooperative action in response, highlighted the importance of greater openness in global markets - rather than retreating towards protectionism in the face of global economic uncertainty.

¶8. (U) US leadership was crucial to getting a good outcome on the Doha Round of trade negotiations, Rudd said. An outcome that delivered immediate market access gains would give a

much-needed confidence boost to business with a signal that the governments of the world were committed to ongoing trade liberalization. It would also require European cooperation, which was why the Prime Minister said he would be raising these matters in Brussels as well as Washington.

¶9. (U) Australia's own trading interests were closest with the Asia-Pacific region, Rudd continued. Over 70 per cent of its trade was with the member economies of APEC. Its top three merchandise export markets were Japan, China and the Republic of Korea. India was its fastest growing major export market. Two-way trade with Indonesia, Malaysia and Singapore was worth over AUD \$40 billion. Japan remained Australia's largest export market. Which was why Australia placed great priority on the negotiation of a free trade agreement with Japan.

¶10. (U) Australia's trade with China had already been the subject of many economic headlines, Rudd said. Last year it became Australia's largest merchandise trading partner, and Qbecame Australia's largest merchandise trading partner, and over the last decade the value of Australia's merchandise exports to China had grown by 20 per cent per year. In Beijing, Rudd said he would discuss Australia's free trade agreement negotiations with China. Progress to date had been slow, the Prime Minister admitted, but he would be urging his Chinese counterparts to join with him in collectively redoubling their efforts on the negotiations to get a high quality outcome.

COMMENT: RUDD'S MESSAGE: A FRIEND TO THE U.S. AND A REALIST ON CHINA

¶11. (C/NF) Nothing Rudd said in this speech was new, but it explains the rationale for the trip and what his concept of what Australia's international role should be. New prime ministers generally concentrate on domestic issues first. Former Prime Minister John Howard did not go overseas for the

CANBERRA 00000303 003 OF 003

first six months of his first term so Rudd went to great lengths to explain the domestic policy rationale for this round-the-world trip. Encouragingly, he went out of his way to emphasize the importance of the relationship with the United States, and the fact that he believes it to be a force for good in the world. Separately, Post met the previous day with a former personal advisor to Rudd who is currently chief of staff for Foreign Minister Stephen Smith. She noted that Rudd hated the erroneous assumption on the part of some U.S. foreign policy pundits that Rudd, because of his familiarity with China, would bring Australia closer to China at the expense of its relations with the United States. This was simply not true, the former advisor said, and she pointed to Rudd's April 2007 speech to the Brookings Institute as an indication of the realism of his views toward China. On the other hand, the lack of mention of Japan as a security partner - and Rudd's decision to bypass Tokyo on his first major foreign trip - has received noticeable attention, and will play into the hands of critics who argue that Rudd's claims of being a "China realist" are more than offset by a lack of attention to Japan.

CLUNE